

SB 838: POWERING OREGON'S FUTURE

a continuing series on why renewable energy matters...

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Renewable Energy Standard - Frequently Asked Questions



Oregon has an abundance of clean renewable energy resources. A Renewable Energy Standard that calls for 25% of the state's electricity to come from new renewable sources by 2025 will help ensure that Oregonians benefit from greater energy independence, a stronger economy and stable electricity prices.

1) What is a Renewable Energy Standard? What does it accomplish?

A Renewable Energy Standard is a flexible, proven policy that requires utilities to gradually increase the amount of new renewable energy in their electricity supply, with flexible compliance options allowing utilities to tailor development plans to utility needs. Such a policy will guarantee a growing percentage of Oregon's electricity will come from clean, homegrown, renewable energy sources, such as wind, solar, hydro, biomass, geothermal and wave energy. Developing these domestic resources makes us more self-reliant and creates new investment and economic opportunities throughout the state. It also diversifies our electricity mix and protects customers from volatile fossil fuel prices by keeping

electricity prices stable for the long-term. Generating electricity from clean renewable resources, instead of burning polluting fossil fuels, helps fight global warming and protects the health of our citizens.

2) Why is an energy standard necessary? Aren't utilities already developing renewables?

Although some utilities in Oregon have invested in new renewable technologies, these resources account for less than 2% of the electricity we consume. In contrast, 54% of the electricity consumed in Oregon comes from risky fossil fuels and nuclear power. According to the Department of Energy, a Renewable Energy Standard is "the most powerful tool a state can use" to promote renewable energy.¹ As a result of such standards, Texas developed 700 megawatts (MW) of wind power in 2005 alone and Colorado has nearly 800 MW currently under negotiation. By comparison, it has taken nearly a decade to get more than 400 MW installed in Oregon.

3) Will a Renewable Energy Standard raise rates?

On the contrary, utilities are saving money by investing in renewable energy. According to Puget Sound Energy, Washington's largest utility, recent investments in wind power are expected to save customers \$170 million over the next 20 years compared to buying other resources.² Xcel Energy reports that investments in wind power saved their Colorado customers almost \$14 million in 2004 and 2005.³ According to experts at Lawrence Berkeley National Laboratory, Renewable Energy Standard policies are expected to have a minimal impact on electricity rates – generally plus or minus 1%.⁴ The proposed Oregon standard includes a consumer protection measure called a "cost cap" that would protect customers from unexpected increases in the price of renewables. There is no such cap on the rising price of fossil fuels.

4) Is hydropower considered a renewable resource? Can it help meet the standard?

Hydropower is a renewable resource and it is the foundation of our regional power system and economy. However, our hydro resource is nearly tapped out and few additional large hydropower projects are available in Oregon or the region. The proposed Oregon standard does count hydropower, including upgrades at existing hydropower facilities and some newly-certified low-impact hydropower projects as well as new projects located outside of protected waterways including projects on irrigation channels. It is also worth noting that while the proposed standard only counts new resources for all forms of renewable energy, it does stipulate that a utility cannot be required to give up any low-cost hydropower.

5) What will happen if Oregon does not adopt a Renewable Energy Standard?

If we miss out on this opportunity, utilities in neighboring states will take Oregon's renewable resources to meet their customers' needs. This will make Oregonians even more reliant on imported energy resources and leave us susceptible to rising fossil fuel prices and the risks of global warming.

6) What are the benefits of a Renewable Energy Standard to businesses in Oregon?

One major benefit of renewable energy is that it provides electricity at a stable and predictable price over many years. Alternatively, relying on imported fossil fuels leaves businesses susceptible to rising coal prices and volatile and unstable natural gas prices. Burning fossil fuels also contributes to global warming that threatens many sectors of Oregon's economy including forestry, coastal and snow-based tourism, and agriculture. A Renewable Energy Standard will make Oregon less dependent on fossil fuels and more reliant on clean, homegrown resources. It will also create a predictable market for renewable energy and attract the businesses that will help meet the standard, bringing jobs and economic development to rural areas and cities alike.

7) How much renewable energy will meeting the 25% target by 2025 get us?

Between 2007 and 2025 Oregon's demand for electricity is expected to grow from approximately 5,500 megawatts to 7,500 megawatts; roughly 2% per year. A 25% Renewable Energy Standard will bring approximately 1,900 megawatts of new renewable resources online, enough to power more than 1.4 million average homes.

8) Can Oregon develop enough renewable energy to meet the target?

Yes. The Western Governor's Association recently identified 1,290 MW of geothermal power and up to 500 MW of solar potential in the Northwest.⁶ In addition, the Northwest Power and Conservation Council estimates that 6,000 MW of cost-competitive wind power is available in the Northwest through 2025.⁷ Oregon is also uniquely situated to tap wave and tidal power that could add several hundred more megawatts of renewable electricity.

9) Does a utility have any flexibility in how it complies with the standard?

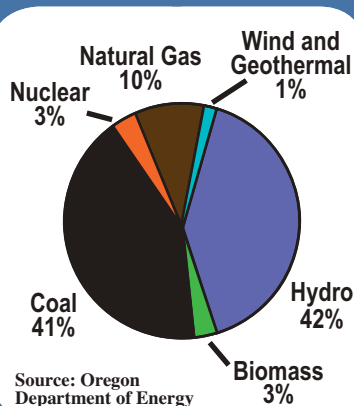
Yes. A utility can comply with the standard in several ways. One option is to buy or build their own renewable energy project. If they don't wish to own and operate a project, they can simply purchase the electricity that a facility generates. Also, if a utility only needs to get a small amount of renewable energy to meet the standard, it can buy tradable renewable energy certificates (RECs, also called "green tags"). Utilities may also make an 'alternative compliance payment' to comply with the standard. This flexibility allows utilities to choose the best mix of options to fit their system and their customers' needs.

10) How many other states have a Renewable Energy Standard? Will SB 838 make Oregon a renewable energy leader?

Twenty-one states, including Washington, California, Nevada, and Montana have enacted Renewable Energy Standards. Arizona, Texas New Mexico, Minnesota and California all recently increased their successful standards. Oregon is

uniquely situated to be a renewable energy leader and meet the 25% by 2025 goal because it has a variety of plentiful renewable resources including wind, solar, geothermal, biomass, and even wave power. We can't afford to lose this opportunity to invest in clean energy resources that will save customers money, strengthen our economy and provide a healthy environment for future generations.

2005 Oregon Electricity Consumption Mix



1. "Policies and Market Factors Driving Wind Power Development in the United States." National Renewable Energy Laboratory (July 2003).

2. 2005 Annual Report. Puget Sound Energy (March 27, 2006).

3. "Xcel Reports Huge Savings from Wind." Windpower Monthly, Vol 22, No. 5 (May 2006).

4. "Weighing the Costs and Benefits of State Renewable Portfolio Standards: A Comparative Analysis of State-Level Policy Impact Projects." Cliff Chen, Ryan Wiser and Mark Bolinger, Lawrence Berkeley National Laboratory (March 2007).

5. The Economic Impacts of Climate Change in Oregon. Resource Innovations, University of Oregon (October 2005). http://cwch.uoregon.edu/publicationspress/Consensus_report.pdf.

6. Geothermal Task Force Report, Western Governors' Association (January 2006); and Solar Task Force Report, Western Governors' Association (January 2006). <http://www.westgov.org/wga/initiatives/cdeac/>

7. Fifth Northwest Electric Power and Conservation Plan. Northwest Power and Conservation Council (May 2005). <http://www.nwccouncil.org/energy/powerplan/plan/Default.htm>.

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